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REPORT OF THE SPECIAL COMMITTEE ON THE CHARTER OF THE UNITED NATIONS AND ON THE STRENGTHENING OF THE ROLE OF THE ORGANIZATION

Implementation of provisions of the Charter related to assistance to third States affected by the application of sanctions

Report of the Secretary-General

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I. INTRODUCTION

1. At its fiftieth session, the General Assembly adopted, without a vote, resolution 50/51 of 11 December 1995 entitled "Implementation of Charter provisions related to assistance to third States affected by the application of sanctions".

2. In paragraphs 3 and 4 of the resolution the General Assembly:

"3. Requests the Secretary-General, within existing resources, to ensure that the Security Council and its sanctions committees are able to carry out their work expeditiously, and to make appropriate arrangements in the relevant parts of the Secretariat, in order to carry out, in a coordinated way, the following functions:

"(a) To collate, assess and analyse information, at the request of the Security Council and its organs, on the effects of sanctions regimes in third States which are or may be specially affected by the implementation of sanctions and the resulting needs of such States, and keep the Security Council and its organs informed;

"(b) To provide advice to the Security Council and its organs at their request on specific needs or problems of those third States and present possible options so that, while maintaining the effectiveness of the sanctions regimes, appropriate adjustments may be made to the administration of the regime or the regime itself with a view to mitigating the adverse effects on such States;

"(c) To collate and coordinate information about international assistance available to third States affected by the implementation of sanctions and to make it officially available to the interested member States;

"(d) To explore innovative and practical measures of assistance to the affected third States through cooperation with relevant institutions and organizations inside and outside the United Nations system;

"4. Also requests the Secretary-General to report to the General Assembly, at its fifty-first session, on the implementation of paragraph 3 above and on guidelines which might be adopted on technical procedures to be used by the appropriate parts of the Secretariat:

"(a) For providing better information and early assessments for the Security Council and its organs about the actual or potential effects of sanctions on third States which invoke Article 50 of the Charter;

"(b) For developing a possible methodology for assessing the consequences actually incurred by third States as a result of the implementation of preventive or enforcement measures;

"(c) For coordination of information about international economic or other assistance potentially available to those third States".

3. The present report is prepared in response to the tasks referred to above.

II. APPROPRIATE ARRANGEMENTS IN THE SECRETARIAT

4. Having regard to the requirements "within existing resources" and "in a coordinated way" set forth in paragraph 3 of resolution 50/51, the Secretary-General decided to select those existing units within the Secretariat which might be in a position to best complement their respective competencies in carrying out the functions set out in paragraph 3 in an effective manner, instead of creating new and costly structures.

5. With this end in view and following interdepartmental consultations between the Secretariat units concerned, the coordinated arrangement of cooperation set out below was agreed for carrying out the functions entrusted to the Secretariat under paragraph 3 of resolution 50/51.

6. The Department of Political Affairs, in consultation with the Department for Economic and Social Information and Policy Analysis would be responsible for carrying out the tasks set out in paragraph 3 (a), namely, collating, assessing and analysing information, at the request of the Security Council and its organs, on the effects of sanctions regimes in third States which are or may be specially affected by the implementation of sanctions and on the resulting needs of such States, and keeping the Security Council and its organs informed.

7. The Department of Political Affairs would also be responsible for the tasks contemplated in paragraph 3 (b), namely, to provide advice to the Security Council and its organs at their request on specific needs or problems of those third States, and to present possible options so that, while maintaining the effectiveness of the sanctions regimes, appropriate adjustments may be made to the administration of the regime or the regime itself with a view to mitigating the adverse effects on such States.

8. The Department of Economic and Social Information and Policy Analysis, in consultation with the Department for Policy Coordination and Sustainable Development, would implement the tasks referred to in paragraph 3 (c), namely, collating and coordinating information about international assistance available to third States affected by the implementation of sanctions, and making such information officially available to the interested Member States.

9. The tasks under paragraph 3 (d), namely, the exploration of innovative and practical measures of assistance to the affected third States through cooperation with relevant institutions and organizations inside and outside the United Nations system, would be the joint responsibility of the Department for Policy Coordination and Sustainable Development and the Department for Economic and Social Information and Policy Analysis.

10. It should be noted that since the above arrangement was based on "existing resources", the overall budgetary resources presently available to the

Departments concerned would have to be maintained in the future. Furthermore, in connection with the performance of certain functions, the arrangement was also relying on the availability of a number of staff relieved from the performance of other functions as a result of the suspension by the Security Council of specific sanctions regimes.

11. It is also understood that this distribution of primary responsibilities did not preclude further cooperation between the relevant departments, as appropriate, and that the setting in motion of the functions contemplated in several subparagraphs of paragraph 3 was dependent on a request either by the Security Council, its organs or by interested Member States. In this connection, the Secretary-General notes that, while the Secretariat is ready to put the above-mentioned arrangement into operation, no request to that effect has yet been received.

III. POSSIBLE GUIDELINES ON TECHNICAL PROCEDURES TO BE USED BY THE SECRETARIAT

A. Providing better information and early assessments for the Security Council and its organs about the actual or potential effects of sanctions on third States which invoke Article 50 of the Charter

12. The General Assembly, by paragraph 4 (a) of its resolution 50/51 requested the Secretary-General to report on possible guidelines which might be adopted on technical procedures to be used by the appropriate parts of the Secretariat for providing better information and early assessments for the Security Council and its organs about the actual or potential effects of sanctions on third States which invoke Article 50 of the Charter.

13. As stated in the report of the Secretary-General dated 8 November 1993 on the question of special economic problems of States as a result of sanctions imposed under Chapter VII of the Charter of the United Nations (A/48/473-S/26705), the practice of the Security Council indicates that it has acted on a case-by-case basis on available information regarding special economic problems of States as a result of their implementation of the mandatory measures. Given the differences in sanctions regimes, as well as the magnitude and complexity of the difficulties encountered by affected third States, the Secretariat has taken the necessary steps to enable it to respond to requests for information and assessment from the Council.

14. The sanctions secretariat has established working contacts and elaborated practical modalities for cooperation with other parts of the Secretariat, relevant programmes and agencies of the United Nations system and international financial institutions in order to provide better information and early assessments about the actual or potential effects of sanctions on third States.

15. In response to paragraph 4 (a) of resolution 50/51, it is proposed to establish a set of guidelines or procedures, which could include, inter alia, the following:

(a) The Sanctions Committees should be entrusted with the task of expeditiously considering applications for assistance under Article 50 and making their recommendations as appropriate;

(b) Affected Member States should be invited to meetings of the Security Council and its subsidiary bodies;

(c) The secretariat of the sanctions committees would serve as the focal point in the Secretariat to coordinate and streamline impact assessment and analysis with other parts of the Secretariat, relevant programmes and agencies of the United Nations system and the international financial institutions;

(d) Standard procedures and a uniform methodology should be followed in determining and evaluating losses incurred by third States as a result of the imposition of sanctions;

(e) Fact-finding missions for impact assessment should be dispatched in the cases of the most severely affected countries;

(f) Impact assessment statements or reports should be updated on a regular basis, particularly in connection with the periodic reviews of the sanctions regime;

(g) Possible practical ways of assisting the affected Member States should be identified.

B. Developing a possible methodology for assessing the consequences actually incurred by third States as a result of the implementation of preventive or enforcement measures

16. As stated in the previous report of the Secretary-General on the subject (see A/50/361, paras. 44-49, despite several cases of application of Article 50 of the Charter of the United Nations, in connection with sanctions against Southern Rhodesia, Iraq and the Federal Republic of Yugoslavia (Serbia and Montenegro), there is no uniform and internationally recognized methodology for identifying and assessing the special economic problems of non-target States affected by the implementation of mandatory economic sanctions. Consequently, the available evaluations differ substantially in timing, coverage and scope. For this reason, it has been proposed to determine a set of general principles or criteria for identifying and assessing, on a more standardized, comparable and mutually acceptable basis, the actual damage suffered by third States as a result of the imposition of sanctions. In turn, an accurate and transparent impact assessment is essential both to design the appropriate domestic policy response and to seek the adequate external assistance in coping with the sanctions' side-effects. The objective should be, therefore, to develop a common methodology that could be used by the affected States in preparing the explanatory material for their requests for assistance, as well as by the United Nations system, the international financial institutions and the donor community in considering how their assistance activities may be helpful to mitigate the special economic problems of those States.

17. Lately, methodological issues and data problems of impact analysis were addressed in several United Nations publications prepared, in particular, by the Department for Economic and Social Information and Policy Analysis. 1/ At the same time, those matters were an integral part of assessment efforts and special studies carried out by the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP). Although no substantive intergovernmental or inter-agency discussion on the subject has yet taken place, the recent conceptual analyses and specific case studies have featured several basic principles or criteria for identifying and assessing the special economic problems of States arising from the implementation by them of sanctions imposed under Chapter VII of the Charter. On this basis, some tentative approaches or guidelines for such analysis are summarized and discussed below.

General conceptual framework

18. At the outset, it should be clearly understood that nowadays the nature of special economic problems of States referred to in Article 50 of the Charter has to be viewed and assessed in the context of the current increasingly interdependent and globalized economy. On the one hand, the imposition of sanctions, with the growing economic interdependence among nations, entails - directly or indirectly - negative consequences for all sender States, albeit to a varying degree. On the other hand, the globalization of markets provides broader opportunities for redeployment of external trade, finance and labour, thus increasing the capacity of an integrated economy - with due regard to its size and strength - for absorption of and adjustment to external shocks such as sanctions.

19. At the same time, any national economy is subject to a large variety of external and internal determinants. Hence, estimating the impact of sanctions requires that a distinction be made between the narrow effects of the application of sanctions as such (i.e. the imposition of restrictions on economic and other links with a target State) and broader effects of economic disruption caused by other events. For example, the recent crises in the Persian Gulf and in the Balkans adversely affected, in each case, the economies of the respective regions and beyond in diverse ways, including trade losses (e.g. lost exports to war-stricken areas) and financial costs (e.g. increases in insurance fees) that were not strictly attributable to the sanctions. Moreover, problems of some affected countries may be further exacerbated by internal and policy-induced developments, such as systemic transformation, economic reform and structural adjustment. In many cases, however, it is difficult to disentangle the effects, particularly when the estimates have to be based on deviations from the past trends.

20. The actual impact of sanctions on individual sender States and their policy options largely depend on such variables as the specific nature of the sanctions regime, its duration, the structure and intensity of the interrupted links and the geographic proximity to a target State. Thus, those countries that are most contiguous - geographically and/or economically - to the sanctioned State tend to experience the most severe hardships as a result of sanctions. Therefore, a case-by-case approach based on a common methodology offers the needed flexibility for assessing the actual situations of individual affected

countries, identifying particular areas of need and formulating remedial measures of assistance.

21. As the scope of sanctions imposed by the Security Council resolutions differs from case to case, so does the type and extent of resulting losses and costs incurred by the affected third States. For this reason, a resolution-specific framework based on general methodological principles should be developed in each case of the imposition of sanctions regime for assessing its particular impact on an affected country over a certain period of time.

Categories and types of incurred losses and costs

22. In general, various types of losses and costs stemming from the resolution-related measures may be classified into two broad categories: "direct" and "indirect" effects of sanctions on third States. Direct effects are evaluated as the income forgone and losses incurred resulting directly from the cancellation of contracts and/or severance of economic relations with the sanctioned country. Examples include suspended sales or outstanding orders for contracted deliveries; interrupted shipments, payments or other transactions; and disrupted production of jointly operated facilities. In most cases, they are related to the balance of payments on current account, particularly exports and imports in goods and services, but they may also refer to capital account activities such as investment projects. On the other hand, indirect effects, which are, largely, the induced effects of the former, represent mainly the negative impact on domestic variables and may include disrupted production owing to the absence or higher cost of sanctioned supplies, suspended financial inputs and services, foregone profit tax or tariff revenues, lost jobs and the need to increase social benefits.

23. In addition, "secondary" effects of sanctions (i.e. the impact on links among third-party States themselves) should be taken into account when relevant. For example, the imposition of restrictions on transshipment through a target State when it plays, owing to its geographic position, an important role in transport and communication links in the region and beyond, would seriously impede the neighbouring countries' external economic relations not directly involving the target State. Thus, a specific feature of the Yugoslav sanctions was that the bulk of damages reported by the neighbouring countries were those related to transportation disruptions, including losses in exports (e.g. perishable agricultural products), additional expenses for or lower receipts from transport-related services and higher payments for imports owing to widespread rerouting, extensive delivery delays and monitoring costs. However, damages of this type are most difficult for an independent assessment.

24. Another distinction can be made between the "recurrent" and "total" (or "once-and-for-all") losses and costs. Examples of the former are exports or imports forgone, the increased cost of transport or transshipment and related services; examples of the latter are the cessation or cancellation of contracted activities and freezing of foreign assets and savings in the target country. In the medium term, an affected country needs, therefore, to find alternative uses for its material or financial resources that are released as a result of sanctions and can no longer be devoted to exports of goods and services to a target country, and/or an adequate substitution for its imports from a target

country. If successful, these recurrent losses can, to a large extent, cease to exist. Thus, an estimate of the losses and costs from a given resolution-related measure is a direct function of the time horizon for such an assessment.

25. Losses and costs on current account (i.e. decrease in foreign exchange availability) adversely affect the balance-of-payments position and can result in a substantial economic loss. However, the economic loss is not the same as the foreign exchange loss, because part of the outward resources intended for the target State can be used for domestic purposes or redirected. The loss in foreign exchange would normally exceed the economic loss. However, that may not always be the case, particularly when certain imports (e.g. petroleum and petroleum products from Iraq to Jordan or electricity from Yugoslavia to Romania) cannot be easily replaced and the lack of those imports, owing to their critical significance, leads to serious disruptions in productive activities.

Basic methodological approaches to impact assessment

26. As indicated above, the implementation of sanctions may affect adversely both the external accounts, primarily such current account items as trade in goods and services and private transfers, and a variety of largely domestic variables, including output, investment, employment and the budget. Accordingly, affected countries have amalgamated, in their estimates of the total losses resulting from the sanctions, both categories of effects, which raised methodological problems (e.g. the risk of counting the same item several times). 2/ A comprehensive analysis should, indeed, seek to assess the overall welfare implications of the imposition of sanctions. In most cases, however, overcoming methodological and data limitations will require an independent assessment to focus on the balance-of-payments impact of sanctions and associated external financing needs of an affected country.

27. In principle, estimates should cover both the direct, first round impact of sanctions (which is evaluated as the income forgone and additional costs incurred, resulting from terminated trade in goods and services and suspended financial transfers) and the indirect, second round effects such as the reduction of imported inputs following the decline of exports or output. In the process, the foreign exchange loss from exports foregone should be estimated net of the value of redirected exports and net of the cost of imports that the affected country would have used to produce the corresponding exports. In practice, however, difficulties have arisen in estimating the amount of redirected exports and netting out the import component of lost production and exports, as well as in capturing indirect effects of the sanctions regimes, owing to the lack of accurate information.

28. Conceptually, only incremental costs arising from the implementation of sanctions (e.g. only the additional costs of obtaining replacement imports from other sources, rather than the full value of imports that can no longer be obtained from the sanctioned country) should be included in the estimates. Thus, in terms of variables underlying financial requirements of an affected country, the losses on the import side when the terminated imports can be replaced are only the direct subsidy (price discount) or the interest payments differential if the discontinued imports used to be obtained through concessional financial conditions. Similarly, if alternative finance is found,

the economic loss with regard to investment, credit or loan should be given by the difference in interest paid. Moreover, a proper assessment of the incremental impact would require a reliable baseline estimate of what would have happened in the absence of the imposition of sanctions.

29. While all affected current account items should be included in the estimate of the balance-of-payments impact of the sanctions, the inclusion of capital account items may not always be warranted as they are often linked to current account transactions (e.g. reduction in import financing accompanying a decline in imports). In general, suspended financial inflows should be estimated net of interest and amortization payments owed by the affected State to the target country. For credits and grants, however, the critical variable is the programmed or expected disbursement, rather than a commitment. As regards the outstanding debts, although the lack of payments due from the target country reduces foreign exchange earnings of an affected country in the current period, unlike lost export receipts, these overdue payments can be capitalized and added to the affected country's foreign claims on the target State.

30. When feasible and practical, it may be useful to complement the macroeconomic assessment based on balance of payments with the analyses at the microeconomic level. While individual firms may also react differently, enterprise surveys may provide valuable data on the structural details of losses and costs arising from the sanctions. However, the results should be carefully checked and compared with broad aggregate estimates, in order to ensure their consistency with available macroeconomic data and resemblance to economic realities of the country concerned.

31. Other methodological and practical questions relate, inter alia, to what part of the foreign exchange loss results in the economic loss; how to assess the longer-term impact of sanctions and their social effects; whether the absorption capacity of an affected country should be relevant to the analysis and, if so, to what extent; and what time-frame of impact assessment and its possible updates would be most suitable and practical.

Application of global econometric models

32. In principle, global econometric models may serve as an effective instrument for a quantitative study of the impact of multilateral sanctions. In order to be operational, however, a global model should comprise large-scale national models that would be designed to cover the domestic economy, external sector and supply-side response to external shocks such as sanctions. For example, Project LINK has developed, through cooperative research and periodic discussion, a global model system that links macroeconomic models for 78 countries or regions to represent the entire world economy. However, the framework and quality of many national models impose serious limitations to applying the LINK system in assessing the impact of sanctions. Thus, as a macroeconomic system, it can study the effects of sanctions only at the aggregate level (i.e. the impact on GDP, aggregate consumption and investment, etc.), but not in structural details. Moreover, some country models or trade matrices in the LINK system have not been developed separately (e.g. smaller developing countries are covered by seven regional models) or have not been recently updated by the national forecasting institutions. Furthermore, some

country models do not have the required special features that would make it possible to evaluate duly the policy response by the affected country to the sanctions regime or to assess its capacity for absorbing the sanctions' effects.

Statistical support

33. The credibility of the assessment process is predicated upon the availability of reliable and up-to-date macroeconomic data concerning the affected countries. However, data problems have imposed considerable limitations on the evaluation of claims submitted by several affected countries. Most of the time, owing to reporting delays, current data just do not exist, especially at the level of disaggregation that would be necessary. For this reason, activities for developing a common methodology of impact assessment should be supplemented and supported by furthering cooperation on a system-wide basis and beyond in the area of statistics. Timely collection and processing of statistical information on the basis of a common methodology such as the 1993 System of National Accounts, 3/ which was developed by the Department for Economic and Social Information and Policy Analysis in cooperation with the Commission of the European Communities - Eurostat, IMF, Organisation for Economic Cooperation and Development, United Nations regional commissions and the World Bank, are essential for any kind of economic analysis, including the identification and assessment of the consequences actually incurred by third States as a result of the implementation of preventive or enforcement measures. Thus, further improvements in statistics should help to upgrade the quality of information for assessing the impact of sanctions on third States.

Follow-up

34. As previously suggested (see A/50/361, para. 48, and A/48/573-S/26705, para. 155), the Department for Economic and Social Information and Policy Analysis of the Secretariat should continue consultations with experts inside and outside the United Nations system, in particular the international financial and trade institutions, with a view to developing a possible methodology for assessing the consequences actually incurred by third States as a result of the implementation of preventive or enforcement measures. The outcome (possibly, in the form of general guidelines and technical explanations) should be then submitted to Member States, whose political support both at the United Nations and in the governing bodies of the agencies concerned would be necessary for universal acceptability and effective application of such methodological guidelines. Subsequently, UNDP could provide, through its resident coordinator system, technical assistance to interested States with regard to the dissemination and utilization of the methodology. When needed, the services of special consultants or small expert missions can be also made available to the most severely affected countries to assist them in quantifying their losses and costs resulting from the implementation of sanctions, according to the established methodological guidelines.

C. Coordination of information about international economic or other assistance potentially available to third States

35. At the inter-secretariat level, the Administrative Committee on Coordination and its subsidiary machinery have been concerned, during the past few years, with the issue of the coordination of information on international economic and other assistance potentially available to third States invoking Article 50 of the Charter. At its first regular session of 1991, the Committee took up the matter in the context of a broader agenda item on the economic and social impact of the Gulf conflict and its implications for international cooperation. The Secretary-General reported to the Security Council, at informal consultation held on 26 April 1991, that the Committee had discussed the matter and that its members had agreed to pursue vigorously their efforts to respond effectively to the needs of the affected countries and to keep him informed of their activities. The Secretary-General undertook to coordinate through the Committee, within the framework of this assistance, the activities of organizations of the United Nations system (see A/48/573-S/26705).

36. Subsequently, the Economic and Social Council, at its substantive session of 1992, took note of the report of the Committee for Programme and Coordination on the first part of its thirty-second session, and endorsed the conclusions and recommendations contained therein. 4/ In paragraph 161 of its report, the Committee for Programme and Coordination took note of the continuing efforts of the Secretary-General, including those in countries that had invoked Article 50 of the Charter, and requested the Administrative Committee on Coordination to incorporate in its annual overview report relevant information. In pursuance of the request of the Committee for Programme and Coordination, the Secretary-General addressed a letter in September 1992 to the relevant organs, organizations and bodies of the United Nations system, including the international financial institutions (the World Bank and the IMF and the regional development banks) requesting the various components of the system to provide him with information on measures undertaken and progress achieved by them regarding assistance to the 21 countries affected that had invoked Article 50 of the Charter, in order to alleviate the special economic problems arising from their implementation of Security Council resolution 661 (1990) concerning the situation between Iraq and Kuwait.

37. The annual overview report of the Administrative Committee on Coordination for 1992 included specific information on the 27 replies received in response to the letter of the Secretary-General. In the same report, it was recalled that the Secretary-General in his report entitled "An Agenda for Peace" expressed the view that, in circumstances in which peacemaking requires the imposition of sanctions under Article 41 of the Charter of the United Nations, it is important that States confronted with special economic problems not only have the right to consult the Security Council regarding such problems, as Article 50 provides, but also have a realistic possibility of having their difficulties addressed. In the light of the above, the Secretary-General recommended that the Security Council devise a set of measures involving financial institutions and other components of the United Nations system which could be put in place to insulate States from such difficulties. 5/

38. In response to a statement of the Security Council in this respect, 6/ the report of the Secretary-General regarding the question of special economic problems of States as a result of sanctions imposed under Chapter VII of the Charter of the United Nations (A/48/573-S/26705), made available to the General Assembly at its forty-eighth session, contained, in its relevant sections, more detailed information on the activities undertaken by the international financial institutions (the World Bank and IMF), the regional development banks and UNDP.

39. The annual overview report of the Administrative Committee on Coordination for 1993 also provided information on the response of the United Nations system, under article 50 of the Charter, to the special economic problems of eight countries adversely affected by the sanctions imposed on the former Yugoslavia. 7/ The background of the matter was included in the above-mentioned report of the Secretary-General. It should be recalled that the President of the Security Council had transmitted to the Secretary-General, for information and appropriate action, the recommendations adopted by the Security Council Committee established pursuant to resolution 724 (1991) concerning Yugoslavia in respect of the applications for assistance under the terms of Article 50 of the Charter submitted by Bulgaria, Hungary, Romania, Uganda, Ukraine, Albania, Slovakia and the former Yugoslav Republic of Macedonia. Accordingly, the Secretary-General addressed letters, in July and September of 1993 and January of 1994, to the executive heads of the competent organs and specialized agencies of the United Nations system, including the international financial organizations (the World Bank and IMF) and the regional development banks, requesting them to provide him with updated information on activities undertaken by them to alleviate the special economic problems of the affected States. Copies of the replies from a total of 22 organizations were made available to the members of the Security Council and were transmitted to its Committee established pursuant to resolution 724 (1991) concerning Yugoslavia and, subsequently, to its Working Group on Article 50. The replies received reflected the shared concern of the system about the special economic problems of the eight affected countries and confirmed that all concerned organizations had taken due note of the recommendations of the Security Council Committee and the follow-up appeals for assistance.

40. As reported in the annual overview report for 1993, the information received regarding additional measures or special assistance in response to the immediate hardships encountered and urgent needs faced by the affected countries was largely of a preliminary nature, which reflected the need to assess the extent of the impact of sanctions on the economies of the affected countries in order to assist them in developing appropriate policy responses and in preparing financial requirements for remedial measures.

41. Efforts to overcome the severe problems being encountered in collecting the necessary data have, therefore, continued. The annual overview report of the Administrative Committee for Coordination for 1993 outlined in detail the measures taken by the United Nations system in response to the problems of the eight States adversely affected by sanctions imposed against the Federal Republic of Yugoslavia. Further, as outlined in the report, the report of the Secretary-General on economic assistance to States affected by the implementation of Security Council resolutions imposing sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (A/49/356), provided

detailed information on the response of the United Nations system, with particular reference to the relevant activities of the World Bank, IMF, regional development banks and UNDP, including their participation in regional initiatives and follow-up arrangements under the auspices of the Conference on Security and Cooperation in Europe.

42. The Committee for Programme and Coordination, at the first part of its thirty-fourth session stressed the importance of continuing the efforts of the Secretary-General in mobilizing and coordinating assistance to countries invoking Article 50 of the Charter and requested him to continue those efforts and report on the outcome thereof in the next overview report of ACC. 8/ At its thirty-fifth session, the Committee once again stressed the importance of continued attention of the Secretary-General, including in his capacity as Chairman of the Administrative Committee on Coordination, to efforts of assistance to countries invoking Article 50 of the Charter of the United Nations, and requested that the overview report of the Administrative Committee on Coordination continue to provide detailed information on assistance by the United Nations system to countries invoking Article 50 of the Charter (A/50/16, para. 285). Accordingly, the Administrative Committee on Coordination, in its annual overview reports for 1994 9/ and 1995, 10/ reviewed the activities of assistance of the United Nations system and provided related information with regard to assistance to countries affected by the sanctions introduced by the Security Council against Iraq and the former Yugoslavia.

43. In the light of the above, it would seem appropriate that under the leadership of the Secretary-General, the Administrative Committee on Coordination, as the central inter-agency coordinating mechanism for the organizations of the United Nations system, should continue to be the channel for the coordination of relevant information concerning international economic and other assistance available to third States invoking Article 50 of the Charter from concerned organizations of the United Nations system, including the international financial institutions.

Notes

1/ Report of the Secretary-General prepared pursuant to the note by the President of the Security Council (S/25036) regarding the question of special economic problems of States as a result of sanctions imposed under Chapter VII of the Charter of the United Nations (A/48/573-S/26705, paras. 70-86); World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1, box IV.2); report of the Secretary-General on economic assistance to States affected by the implementation of the Security Council resolutions imposing sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (A/49/356).

2/ For example, a country reporting a decline in profit tax revenue, enterprise output and exports could well count the decline in profit taxes three times (as a loss of budget revenue, a decline in output and a reduction in exports) or the decline in output twice (as a loss of output and a loss of exports).

3/ System of National Accounts 1993 (United Nations publication, Sales No. E.94.XVII.4).

4/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 16 (A/47/16).

5/ E/1993/81, paras. 69-74.

6/ S/25036.

7/ E/1994/19, paras. 61-66.

8/ Official Records of the General Assembly, Forty-ninth Session, Supplement No. 16 (A/49/16), para. 65.

9/ E/1995/21, paras. 71-81.

10/ E/1996/18, paras. 81-91.